

**VILLAGE OF CLIMAX  
KALAMAZOO COUNTY, MICHIGAN**

**REPORT OF AUDIT  
AS OF  
MARCH 31, 2008**

**FOOTE and LLOYD  
CERTIFIED PUBLIC ACCOUNTANTS  
BATTLE CREEK, MICHIGAN**

**VILLAGE OF CLIMAX  
KALAMAZOO COUNTY, MICHIGAN**

**OFFICIARY**

Bill Rogers	President
Scott Torrance	Clerk
Deborah Wyant	Treasurer
Terry Strong	Trustee
Bill Twiss	Trustee
William Lewis	Trustee
Thomas Jones	Trustee
David Dell	Trustee
Lisa Strong	Trustee

Population 791

2000 Census

## VILLAGE OF CLIMAX

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## VILLAGE OF CLIMAX

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## INDEPENDENT AUDITOR'S REPORT

The Village President and  
Members of the Council  
Village of Climax  
Climax, Michigan

We have audited the accompanying financial statements of the governmental activities and the aggregate remaining fund information of the Village of Climax, Kalamazoo County, Michigan, as of and for the year ended March 31, 2008, as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Climax, as of March 31, 2008, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The administration's discussion and analysis on pages 2 and 3 and budgetary comparison information on pages 24 and 25 are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consists principally of inquires of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our examination was made for the purpose of forming an opinion on the general purpose financial statements of the Village of Climax, Kalamazoo County, Michigan, taken as a whole. The accompanying combining, individual fund financial statements and the Other Supplemental Information are presented for purposes of additional analysis. These items are not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

*Foote and Lloyd*

CERTIFIED PUBLIC ACCOUNTANTS

Battle Creek, Michigan  
January 16, 2009

**VILLAGE OF CLIMAX**  
**Management's Discussion and Analysis**

**Using this Annual Report**

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Village as a whole and present a longer-term view of the Village's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Village's operations in more detail than the government-wide financial statements. The component unit (library) is not discussed or reported in this discussion and analysis. Its financial statements are included in the following pages.

**The Village as a Whole**

In a condensed format, the table below shows net assets as of fiscal year-end:

	Governmental and Water System Activities	
	3-31-08	3-31-07 (not audited)
Current Assets	443,148	468,615
Noncurrent Assets	<u>563,205</u>	<u>599,925</u>
Total Assets	1,006,353	1,068,540
Other Liabilities	20,411	25,484
Debt	<u>170,000</u>	<u>195,000</u>
Total Liabilities	190,411	220,484
Net Assets		
Invested in Capital Assets - Net of Debt	393,205	404,925
Restricted for Capital Projects	-	-
Unrestricted	<u>422,737</u>	<u>443,131</u>
Total Net Assets	<u>815,972</u>	<u>848,056</u>

A comparative analysis will be provided in future years when prior year information is available.

The following table shows the changes of the net assets:

	Governmental and Water System Activities	
	3-31-08	3-31-07 (not audited)
Program Revenues		
Charges for Services	68,752	65,279
General Revenues		
Property Taxes	124,572	122,504
State-Shared Revenues	132,081	130,168
Unrestricted Investment Earnings	8,567	8,086
Miscellaneous	40,346	28,870
Transfers	<u>-</u>	<u>-</u>
Total Revenues	374,318	354,907

**VILLAGE OF CLIMAX**  
**Management's Discussion and Analysis**  
**Page 2**

	Governmental and Water System Activities	
	3-31-08	3-31-07 (not audited)
Program Expenses		
General Government	159,329	135,875
Public Safety	44,302	37,601
Public Works	98,805	105,693
Recreation and Culture	2,512	1,047
Water	<u>89,764</u>	<u>102,694</u>
Total Expenses	<u>394,712</u>	<u>382,910</u>
Change in Net Assets	<u>( 20,394)</u>	<u>(28,003)</u>

Both the financial position and the tax base of the village have remained unchanged for 2007-08.

The General Fund budget was amended to allow for expenses to be paid for additional costs associated with the village's bid to become a city, a lawsuit with the township, various repairs and maintenance issues.

Major Streets: In conjunction with a Kalamazoo County (Fulton to Climax) road project, the village was able to secure grants to cover the entire cost of reconstructing Main Street. The grant did not cover engineering fees. The village expected to realize some savings in the cost of engineering through the joint road project. However, the Climax township board stopped reconstruction of a section of the Fulton to Climax road project and jeopardized the entire project. Fortunately, the grant continued to cover the Main Street Project, however, the Village now faces the entire cost of engineering. These costs will be substantially higher for the 2007-08 and 2008-09 budget years.

Local Streets: No material change from previous year.

Water Fund: The revenues have improved for two reasons: 1) Charges for water usage and administration fees increased \$0.60 per 1000 gallons and \$1.00 per month and 2) Antenna space, on top of the water tower, is rented to Nextel Communications. The combination of the water usage increase and the Nextel rental will inject over \$25,000 annually into the water fund.

The buildable area within the Village is at its maximum. With farm land tied up in public acts and with only a few buildable lots left, the taxable value of the Village is not expected to increase and will remain the same for years to come.

There were no other significant economic events in this fiscal year.

There are no individual funds that have restrictions or other limitation on the availability of fund resources.

There were no changes in capital assets or new long-term debt activity in this fiscal year.

Based upon currently known facts, decisions or conditions, there is no reason to believe that the Village will experience a change in it's financial position or results of operations.

**VILLAGE OF CLIMAX**  
**GOVERNMENT-WIDE STATEMENT OF NET ASSETS**  
**MARCH 31, 2008**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
<b>Assets</b>				
Cash and Cash Equivalents	316,611	87,175	403,786	20,705
Investments at Fair Market Value	-	-	-	106,589
Receivables - Net	22,521	16,841	39,362	-
Capital Assets - Net	<u>71,548</u>	<u>491,657</u>	<u>563,205</u>	<u>-</u>
Total Assets	410,680	595,673	1,006,353	127,294
<b>Liabilities</b>				
Accounts Payable	18,699	1,712	20,411	-
Current Portion of Long Term Debt	-	25,000	25,000	-
Long Term Debt	<u>-</u>	<u>145,000</u>	<u>145,000</u>	<u>-</u>
Total Liabilities	18,699	171,712	190,411	-
<b>Net Assets</b>				
Invested in Capital Assets				
Net of Related Debt	71,548	321,657	393,205	-
Restricted for Capital Projects	-	-	-	-
Unrestricted	<u>320,433</u>	<u>102,304</u>	<u>422,737</u>	<u>127,294</u>
Total Net Assets	<u>391,981</u>	<u>423,961</u>	<u>815,942</u>	<u>127,294</u>

The Notes to Financial Statements are an integral part of this statement.



**VILLAGE OF CLIMAX  
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
FISCAL YEAR ENDED MARCH 31, 2008**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
<b>Primary Government</b>								
General Government	159,329	4,121	-	-	(155,208)	-	(155,208)	-
Public Safety	44,302	-	-	-	(44,302)	-	(44,302)	-
Public Works	98,805	-	-	-	(98,805)	-	(98,805)	-
Recreation and Culture	<u>2,512</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,512)</u>	<u>-</u>	<u>(2,512)</u>	<u>-</u>
Total Governmental Activities	304,948	4,121	-	-	(300,827)	-	(300,827)	-
Business Type-Activities								
Water	<u>89,764</u>	<u>64,631</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,133)</u>	<u>(25,133)</u>	<u>-</u>
Total Primary Government	<u>394,712</u>	<u>68,752</u>	<u>-</u>	<u>-</u>	(300,827)	(25,133)	(325,960)	-
<b>Component Unit</b>								
Public Library	<u>22,652</u>	<u>79</u>	<u>3,189</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(19,384)</u>
Total Component Unit	<u>22,652</u>	<u>79</u>	<u>3,189</u>	<u>-</u>	-	-	-	(19,384)
<b>General Revenues</b>								
Property Taxes					124,572	-	124,572	-
State-Shared Revenues					132,081	-	132,081	1,907
Unrestricted Investment Earnings					6,453	2,114	8,567	3,690
Miscellaneous					21,415	27,431	48,846	8,970
Transfers					<u>(7,775)</u>	<u>(725)</u>	<u>(8,500)</u>	<u>8,500</u>
Total General Revenues--Special Items and Transfers					<u>276,746</u>	<u>28,820</u>	<u>305,566</u>	<u>23,067</u>
Change in Net Assets					(24,081)	3,687	(20,394)	3,683
Net Assets - Beginning					<u>416,062</u>	<u>420,274</u>	<u>836,336</u>	<u>123,611</u>
Net Assets - Ending					<u>391,981</u>	<u>423,961</u>	<u>815,942</u>	<u>127,294</u>

The Notes to Financial Statements are an integral part of this statement.

**VILLAGE OF CLIMAX  
GOVERNMENTAL FUNDS BALANCE SHEET  
MARCH 31, 2008**

	<u>General Fund</u>	<u>Major Streets Fund</u>	<u>Local Streets Fund</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Cash and Cash Equivalents	121,687	147,893	47,031	316,611
Receivables - Net	<u>8,171</u>	<u>12,931</u>	<u>1,419</u>	<u>22,521</u>
Total Assets	129,858	160,824	48,450	339,132
<b>Liabilities</b>				
Accounts Payable	<u>10,089</u>	<u>79</u>	<u>8,531</u>	<u>18,699</u>
Total Liabilities	10,089	79	8,531	18,699
<b>Fund Balances</b>				
Reserved for Capital Projects	-	-	-	-
Unreserved and Undesignated	<u>119,769</u>	<u>160,745</u>	<u>39,919</u>	<u>320,433</u>
Total Fund Balances	<u><u>119,769</u></u>	<u><u>160,745</u></u>	<u><u>39,919</u></u>	<u><u>320,433</u></u>

Amounts reported for governmental activities in the statement of net assets are different because:

*Capital assets used in governmental activities are not financial resources and are not reported in the funds.	<u>71,548</u>
Net Assets of Governmental Activities	<u><u>391,981</u></u>

The Notes to Financial Statements are an integral part of this statement.

**VILLAGE OF CLIMAX**  
**GOVERNMENTAL FUNDS STATEMENT OF REVENUE, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE**  
**FISCAL YEAR ENDED MARCH 31, 2008**

	General Fund	Major Streets Fund	Local Streets Funds	Total Governmental Funds
<b>Revenues</b>				
Taxes and Penalties	124,572	-	-	124,572
State-Shared Revenues	74,298	43,688	14,095	132,081
Charges for Services	4,121	-	-	4,121
Interest	2,664	3,013	776	6,453
Other Revenue	<u>21,075</u>	<u>-</u>	<u>-</u>	<u>21,075</u>
Total Revenues	226,730	46,701	14,871	288,302
<b>Expenditures</b>				
Current				
General Government	139,615	-	-	139,615
Public Safety	44,302	-	-	44,302
Public Works	27,268	38,860	32,677	98,805
Recreation and Culture	11,012	-	-	11,012
Capital Outlay	<u>8,335</u>	<u>-</u>	<u>-</u>	<u>8,335</u>
Total Expenditures	230,532	38,860	32,677	302,069
<b>Excess of Revenues Over (Under) Expenditures Other Financing Sources (Uses)</b>	(3,802)	7,841	(17,806)	(13,767)
Transfers In	1,065	-	21,844	22,909
Transfers (Out)	<u>-</u>	<u>(21,844)</u>	<u>-</u>	<u>(21,844)</u>
<b>Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses</b>	(2,737)	(14,003)	4,038	(12,702)
<b>Fund Balance - Beginning of Year</b>	<u>122,506</u>	<u>174,748</u>	<u>35,881</u>	<u>333,135</u>
<b>Fund Balance - End of Year</b>	<u><u>119,769</u></u>	<u><u>160,745</u></u>	<u><u>39,919</u></u>	320,433

Amounts reported for governmental activities in the statement of activities are different because:

\*Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation.

(11,379)

**Change in Net Assets of Governmental Activities**

(24,081)

The Notes to Financial Statements are an integral part of this statement.

**VILLAGE OF CLIMAX  
BALANCE SHEET  
PROPRIETARY FUND  
WATER SUPPLY SYSTEM FUND  
MARCH 31, 2008**

ASSETS

CURRENT ASSETS

Cash	87,175	
Accounts Receivable	<u>16,841</u>	
Total Current Assets		104,016

CAPITAL ASSETS

Land	35,066	
Buildings	42,769	
Distribution System	1,074,459	
Less: Accumulated Depreciation	<u>(660,637)</u>	
Net Fixed Assets		<u>491,657</u>

TOTAL ASSETS		<u><u>595,673</u></u>
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LIABILITIES AND FUND EQUITY

CURRENT LIABILITIES

Accounts Payable	1,712	
Current Portion of Long Term Debt	<u>25,000</u>	
Total Current Liabilities		26,712

LONG TERM LIABILITIES

Bonds Payable	170,000	
Less: Current Portion (Above)	<u>(25,000)</u>	
Total Long Term Liabilities		<u>145,000</u>

Total Liabilities		171,712
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FUND EQUITY

Invested in Capital Assets		
Net of Related Debt	321,657	
Unrestricted	<u>102,304</u>	
Total Fund Equity		<u>423,961</u>

TOTAL LIABILITIES AND FUND EQUITY		<u><u>595,673</u></u>
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The Notes to Financial Statements are an integral part of these statements.

**VILLAGE OF CLIMAX  
STATEMENT OF REVENUES, EXPENSES &  
CHANGES IN FUND NET ASSETS  
PROPRIETARY FUND  
WATER SUPPLY SYSTEM FUND  
FOR THE FISCAL YEAR ENDED MARCH 31, 2008**

<b>REVENUES</b>	
Charges for Service	38,846
Interest	2,114
Hydrant Assessments	25,735
Connections	50
Other	<u>27,431</u>
Total Operating Revenues	94,176
<b>OPERATING EXPENSES</b>	
Salaries & Wages	18,838
Professional Fees	4,291
Supplies - Office & Other	2,699
- Operating	613
Repairs	22,234
Utilities & Fuel	6,623
Depreciation	25,341
Interest	9,125
Other	<u>-</u>
Total Operating Expenses	<u>89,764</u>
Operating Income (Loss)	4,412
<b>OTHER FINANCING SOURCES (USES)</b>	
Transfers From (To) Other Funds	<u>(725)</u>
Total Financing Sources (Uses)	<u>(725)</u>
Net Income (Loss)	3,687
RETAINED EARNINGS - Beginning of Year	<u>420,274</u>
RETAINED EARNINGS - End of Year	<u><u>423,961</u></u>

The Notes to Financial Statements are an integral part of these statements.

**VILLAGE OF CLIMAX  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED MARCH 31, 2008**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from Customers	71,027
Payments to Suppliers	(36,942)
Payments to Employees	(18,838)
Other Receipts	<u>21,082</u>
Net Cash Provided by Operating Activities	36,329
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfer from (to) General Fund	(725)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING</b>	
Principal Paid on Capital Debt	(25,000)
Interest Paid on Capital Debt	<u>(9,125)</u>
Net Cash (Used) by Capital and Related Financing Activities	(34,125)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest	<u>2,114</u>
Net (Decrease) in Cash and Cash Equivalents	3,593
BALANCE - Beginning of Year	<u>83,582</u>
BALANCE - End of Year	<u><u>87,175</u></u>
 <b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by</b>	
<b>Operating Activities:</b>	
Operating Income (Loss)	4,412
Adjustments to Reconcile Operating Income To Net Cash Provided	
(Used) by Operating Activities:	
Amortization of Capital Contribution	(8,651)
Depreciation Expenses	25,341
Interest Paid on Capital Debt	9,125
Interest Earned From Investing Activities	(2,114)
Change in Assets and Liabilities:	
Receivables - Net	8,698
Accounts Payable	<u>(482)</u>
Net Cash Provided by Operating Activities	<u><u>36,329</u></u>

The Notes to Financial Statements are an integral part of these statements.

**VILLAGE OF CLIMAX  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
CEMETERY PERPETUAL CARE FUND  
MARCH 31, 2008**

ASSETS

Cash	<u>11,407</u>	
TOTAL ASSETS		<u>11,407</u>

LIABILITIES & FUND BALANCE

Liabilities		
Due to Other Funds	-	
Fund Balance - Undesignated	<u>11,407</u>	
TOTAL LIABILITIES & FUND BALANCE		<u>11,407</u>

The Notes to Financial Statements are an integral part of these statements.

**VILLAGE OF CLIMAX  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
CEMETERY PERPETUAL CARE FUND  
FOR THE FISCAL YEAR ENDED MARCH 31, 2008**

	Actual
REVENUES	
Interest Income	<u>340</u>
Total Revenues	340
EXPENDITURES	
None	<u>-</u>
Total Expenditures	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	340
OTHER FINANCING SOURCES (USES)	
Transfers From (To) Other Funds	
General Fund	<u>(340)</u>
EXCESS OF REVENUES & OTHER SOURCES (USES) OVER (UNDER) EXPENDITURES & OTHER USES	-
FUND BALANCE - Beginning of Year	<u>11,407</u>
FUND BALANCE - End of Year	<u>11,407</u>

The Notes to Financial Statements are an integral part of these statements.



**LAWRENCE MEMORIAL PUBLIC LIBRARY  
GOVERNMENTAL FUND BALANCE SHEET - COMPONENT UNIT  
AS OF MARCH 31, 2008**

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	20,705	
Investments - G. E. Stock at Fair Market Value	<u>106,589</u>	
Total Current Assets		127,294

TOTAL ASSETS		<u>127,294</u>
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LIABILITIES AND FUND BALANCES

CURRENT LIABILITIES

Total Current Liabilities	<u>-</u>	-
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FUND BALANCE

Undesignated	<u>127,294</u>	
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TOTAL LIABILITIES AND FUND BALANCE		<u>127,294</u>
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The Notes to Financial Statements are an integral part of these statements.

**LAWRENCE MEMORIAL PUBLIC LIBRARY  
GOVERNMENTAL FUND STATEMENT OF REVENUE,  
EXPENDITURES & CHANGES IN FUND BALANCE - COMPONENT UNIT  
FISCAL YEAR ENDED MARCH 31, 2008**

	Actual
<b>REVENUES</b>	
Penal Fines	6,232
State Aid	1,907
Local Unit Appropriations	11,250
Interest & Dividends	3,690
Contributions	439
Other	<u>2,817</u>
 Total Revenues	 26,335
 <b>EXPENDITURES</b>	
Library Programming	710
Books & Materials	4,487
Periodicals & Journals	-
Office	1,559
Advertising & Printing	117
Bank Charges	17
Supplies	99
Professional Fees	2,600
Cleaning	360
Maintenance	731
Telephone	931
Library Co-Op	1,324
Rent	6,500
Other	64
Equipment Purchases	<u>3,153</u>
 Total Expenditures	 22,652
 <b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	  3,683
 <b>FUND BALANCE - Beginning of Year</b>	 <u>123,611</u>
 <b>FUND BALANCE - End of Year</b>	 <u><u>127,294</u></u>

The Notes to Financial Statements are an integral part of this statement.

**VILLAGE OF CLIMAX**  
**Notes to Financial Statements**  
**March 31, 2008**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the local Governmental Unit conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Local Governmental Unit:

**A. Reporting Entity**

The Village was organized in 1900 and covers an area of one square mile. The Village operates under an elected council of nine members and provides services to its almost 700 residents in many areas including highway and street maintenance, and police and fire protection. The accompanying Financial Statements present the government and its component unit, an entity for which the government is considered to be financially accountable. Fire protection is provided to the residents by contract with the Climax Township Fire Department. Police protection is provided by contract with Kalamazoo County.

**Blended Component Units** - There are no blended component units.

**Discretely Presented Component Units** – The following component units are reported with the “component units” column in the combined financial statements. The discretely presented component unit is an entity that is legally separate from the Local Governmental Unit, but for which the unit is financially accountable, or its relationship with the unit is such that exclusion would cause the unit’s financial statements to be misleading or incomplete.

The Lawrence Memorial Public Library is situated in the Village of Climax and receives support from the Village and three surrounding Townships.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All of the governmental funds are major funds.

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**VILLAGE OF CLIMAX**  
**Notes to Financial Statements**  
**March 31, 2008**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

The Village property tax is levied on each July 1<sup>st</sup> on the taxable valuation of property (as defined by State statutes) located in the Village as of the preceding December 1<sup>st</sup>.

Although the Village ad valorem tax is levied and collectible on July 1, it is the Village's policy to recognize revenue from the current tax levy in the subsequent year OR the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60 days).

The 2007 taxable valuation of the Village totaled \$13,943,818, on which ad valorem taxes levied consisted of nine mills for the Village operating purposes. Two additional mills are levied for fire hydrants. These amounts are recognized in the respective financial statements as taxes receivables-current or as tax revenue.

All other revenue items are considered to be available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

There are also two Special Revenue Funds as follows:

The Major Street Fund accounts for the construction and maintenance of state trunklines and for all related revenues.

The Local Street Fund accounts for the construction and maintenance of local streets and for all related revenues.

**D. Assets, Liabilities, and Net Assets or Equity**

Bank Deposits and Investments – Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

**VILLAGE OF CLIMAX**  
**Notes to Financial Statements**  
**March 31, 2008**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Receivables and Payables – In general, outstanding balances between funds are reported as “due to/from other funds.” Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “advances to/from other funds.” Any residual balances outstanding between the governmental activities and any business-type activities are reported in the government-wide financial statements as “internal balances.”

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each July 1<sup>st</sup> on the taxable valuation of property as of the preceding December 1<sup>st</sup>. Taxes are considered delinquent on September 15<sup>th</sup> of the following year, at which time penalties and interest are assessed.

Inventories and Prepaid Items - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets - Capital assets, which include property, plant, equipment, infrastructure assets (e.g. roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$2,500 and an estimates useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current year, no interest expense was capitalized as part of the cost of assets under construction.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	25 to 50 years
Vehicles	5 to 7 years
Equipment	5 to 20 years
Distribution System	42 years

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. It is the governments policy to first apply restricted and designated funds when applicable.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

**VILLAGE OF CLIMAX**  
**Notes to Financial Statements**  
**March 31, 2008**

**NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The differences between the government-wide and fund financial statements are reconciled as shown at the bottom of the fund financial statements.

**NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgetary Information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end.

In the body of the financial statements, the Village's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a line item basis. The approved budgets of the Village for these budgetary funds were adopted to the line item level.

During the year ended March 31, 2008, the Village incurred expenditures in no budgetary funds which were in excess of the amounts appropriated.

**NOTE 4 - DEPOSITS AND INVESTMENTS**

Michigan Compiled Laws, Section 129.91, authorizes the local governmental unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Local Governmental Unit Council has designated one bank for the deposit of Local Unit funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of State statutory authority as listed above.

The Local Governmental Unit's deposits and investment policy are in accordance with statutory authority.

**VILLAGE OF CLIMAX**  
**Notes to Financial Statements**  
**March 31, 2008**

**NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)**

At year-end, the Local Unit's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Fiduciary Funds</u>	<u>Total Primary Government</u>
Cash and Cash Equivalents	316,611	87,175	11,407	415,193
Investments	-	-	-	-
Restricted Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>316,611</u>	<u>87,175</u>	<u>11,407</u>	<u>415,193</u>

The breakdown between deposits and investments is as follows:

	<u>Primary Government</u>
Bank Deposits (checking and savings accounts, certificates of deposit)	415,193
Investments in Securities, Mutual Funds and Similar Vehicles	-
Petty Cash and Cash on Hand	<u>-</u>
Total	<u>415,193</u>

  

<u>Deposits</u>	<u>Carrying Amount</u>	<u>Bank Amount</u>
Insured (FSIC & FSLIC)	111,407	111,407
Uninsured and Uncollateralized	<u>303,786</u>	<u>303,726</u>
Total Deposits	<u>415,193</u>	<u>415,133</u>

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the Local Government Unit or its agent in the government's name;
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the government's name; and
3. Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Local Governmental Unit's name.

At year-end, the government held no investments except cash and cash equivalents.

**VILLAGE OF CLIMAX**  
**Notes to Financial Statements**  
**March 31, 2008**

**NOTE 5 - RECEIVABLES**

Receivables as of year-end for the government's individual major and Nonmajor funds, and the internal service and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Major Streets Fund	Local Streets Fund	Water Supply System Fund	Total
Taxes Receivable	8,171	-	-	-	8,171
Water Customer	-	-	-	560	560
Special Assessments	-	-	-	14,465	14,465
Hydrant Rentals	-	-	-	1,816	1,816
Intergovernmental	-	12,931	1,419	-	14,350
Interest and Other	-	-	-	-	-
Gross Receivables	<u>8,171</u>	<u>12,931</u>	<u>1,419</u>	<u>16,841</u>	<u>39,362</u>
Less: Allowance for Uncollectible	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Receivables	<u><u>8,171</u></u>	<u><u>12,931</u></u>	<u><u>1,419</u></u>	<u><u>16,841</u></u>	<u><u>39,362</u></u>

Government funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent Property Taxes	-	-
Special Assessments	-	-
Grant Drawdowns Prior to Meeting all Eligibility Requirements	<u>-</u>	<u>-</u>
Total	<u><u>None</u></u>	<u><u>None</u></u>



**VILLAGE OF CLIMAX**  
**Notes to Financial Statements**  
**March 31, 2008**

**NOTE 6 - CAPITAL ASSETS**

Capital asset activity of the primary government for the current year was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital Assets Not Being Depreciated				
Land	38,066	-	-	38,066
Construction in Progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	38,066	-	-	38,066
Capital Assets Being Depreciated				
Buildings	751,469	-	-	751,469
Equipment and Fixtures	212,222	-	-	212,222
Vehicles	17,007			17,007
Distribution System	<u>1,074,459</u>	<u>-</u>	<u>-</u>	<u>1,074,459</u>
Subtotal	2,055,157	-	-	2,055,157
Less: Accumulated Depreciation for				
Buildings	716,890	2,367	-	719,257
Equipment and Fixtures	167,654	8,232	-	175,886
Vehicles	16,227	780		17,007
Distribution System	<u>592,527</u>	<u>25,341</u>	<u>-</u>	<u>617,868</u>
Subtotal	<u>1,493,298</u>	<u>36,720</u>	<u>-</u>	<u>1,530,018</u>
Net Capital Assets Being Depreciated	<u>561,859</u>	<u>(36,720)</u>	<u>-</u>	<u>525,139</u>
Governmental Activities Capital Total				
Capital Assets - Net of Depreciation	<u>599,925</u>	<u>(36,720)</u>	<u>-</u>	<u>563,205</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental Activities	
Unallocated	<u>36,720</u>
Total Governmental Activities	<u>36,720</u>

**NOTE 7 - LONG TERM DEBT**

The following is a summary of the debt outstanding of the Village of Climax as of March 31, 2008:

	Interest	Maturity	Amount
General Obligation Bonds	5%	2020	220,000

**VILLAGE OF CLIMAX**  
**Notes to Financial Statements**  
**March 31, 2008**

**NOTE 7 - LONG TERM DEBT - Continued**

COUNTY OF KALAMAZOO - STATE OF MICHIGAN  
WATER SUPPLY SYSTEM NO. 1 VILLAGE OF CLIMAX BONDS

The annual principal requirements for all debts outstanding as of March 31, 2008, are as follows:

General Obligation Bonds

<u>Principal Due May 1</u>	<u>Amount</u>	<u>Interest @ 5%</u>		<u>Total</u>
		<u>May 1</u>	<u>November 1</u>	
2008	25,000	4,250	3,625	32,875
2009	15,000	3,625	3,250	21,875
2010	15,000	3,250	2,875	21,125
2011	15,000	2,875	2,500	20,375
2012	15,000	2,500	2,125	19,625
2013	15,000	2,125	1,750	18,875
2014	10,000	1,750	1,500	13,250
2015	10,000	1,500	1,250	12,750
2016	10,000	1,250	1,000	12,250
2017	10,000	1,000	750	11,750
2018	10,000	750	500	11,250
2019	10,000	500	250	10,750
2020	<u>10,000</u>	<u>250</u>	<u>-</u>	<u>10,250</u>
Totals	<u>170,000</u>	<u>25,625</u>	<u>21,375</u>	<u>217,000</u>

Original Issue Amount - \$780,000

Bonds dated March 1, 1981, first coupon due November 1, 1981, payable from bond proceeds - 8 months.  
Capitalized interest payable from bond proceeds through November 1983. Bonds delivered April 8, 1982.

The following is a summary of debt transactions of the Village of Climax for the year ended March 31, 2008:

	General Obligation Bonds
Debt Payable - April 1, 2007	195,000
Principal Payments	<u>25,000</u>
Debt Payable - March 31, 2008	<u>170,000</u>

**VILLAGE OF CLIMAX**  
**Notes to Financial Statements**  
**March 31, 2008**

**NOTE 8 - RISK MANAGEMENT**

The Village's insurance for Workers' Compensation, General Liability and Property Loss and Fleet insurance is carried by an insurance company. The Village is not self-insured other than for minimal deductibles. No known material claims are outstanding. Insurance coverage is substantially the same as in previous years.

**NOTE 9 - CONSTRUCTION PERMIT FEES**

The Village does not issue construction permits or conduct subsequent inspections. All such activity is under the control of Climax Township. As a result, there is no fund balance for such activity.

**NOTE 10 - BUDGET RECONCILIATION**

	Budgetary Comparison <u>Schedule</u>	GAAP Financial <u>Statements</u>	<u>Difference</u>
Revenues	374,167	374,318	151
Expenses	391,833	394,712	(2,879)

Explanation of difference:

Depreciation expenses for General Government	(11,379)
Amortization of Capital Contribution	<u>8,651</u>
	<u><u>2,728</u></u>

## **REQUIRED SUPPLEMENTAL INFORMATION**

**VILLAGE OF CLIMAX  
BUDGETARY COMPARISON SCHEDULE  
GENERAL, MAJOR STREETS, LOCAL STREETS  
AND WATER SUPPLY SYSTEM FUNDS  
FISCAL YEAR ENDED MARCH 31, 2008**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	Variance with Amended Budget Favorable (Unfavorable)
Beginning of Year Fund Balance	753,409	753,409	753,409	-
Resources (Inflows)				
Property Taxes	122,000	122,000	124,572	2,572
State-Shared Revenues	132,241	132,241	132,081	(160)
Licenses and Permits	6,500	6,500	4,121	(2,379)
Charges for Services	68,300	68,300	64,631	(3,669)
Interest	7,750	7,750	8,567	817
Other	39,394	39,394	39,855	461
Transfers from Other Funds	<u>300</u>	<u>300</u>	<u>340</u>	<u>40</u>
Amounts Available for Appropriation	1,129,894	1,129,894	1,127,576	(2,318)
Charges to Appropriations (Outflows)				
General Government				
Council	13,200	11,925	10,775	1,150
Clerk	6,600	6,600	6,600	-
Office Supplies	1,500	1,500	1,681	(181)
Treasurer	5,950	5,950	5,940	10
Tax Collection	476	476	410	66
Printing & Publication	1,800	1,800	1,273	527
Legal & Accounting	4,400	9,400	7,082	2,318
Village to City Expenses	2,000	3,842	4,195	(353)
Custodian	17,919	17,919	23,906	(5,987)
Cemetery - Wages	11,896	11,896	9,501	2,395
- Supplies & Other	800	2,000	1,240	760
Insurance & Bonds	31,350	28,734	28,734	-
Village Hall	9,100	9,380	8,547	833
Employee Taxes & Benefits	22,631	22,681	26,829	(4,148)
Other	4,589	4,589	2,902	1,687
Cultural & Recreation				
Library	8,500	8,500	8,500	-
Park	1,000	2,512	2,512	-
Public Works				
Street Lights	9,000	9,000	10,405	(1,405)
Sidewalks	3,500	2,709	2,709	-
Refuse	200	200	160	40
Equipment Maintenance - Wages	7,855	7,855	7,279	576
- Supplies	2,500	2,500	1,966	534
- Repairs	1,000	1,735	2,206	(471)
- Gasoline	3,000	3,000	2,543	457

**VILLAGE OF CLIMAX  
BUDGETARY COMPARISON SCHEDULE  
GENERAL, MAJOR STREETS, LOCAL  
STREETS AND WATER SUPPLY  
SYSTEM FUNDS**

Page -2-

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Major Streets	25,250	34,287	38,860	(4,573)
Local Streets	36,400	36,400	32,677	3,723
Water Supply System	90,069	90,069	89,764	305
Public Safety				
Fire Protection	28,000	28,000	24,349	3,651
Law Enforcement	16,000	16,000	14,228	1,772
Tree Maintenance	3,000	5,725	5,725	-
Capital Outlay - Equipment	<u>7,000</u>	<u>8,336</u>	<u>8,335</u>	<u>1</u>
Total Charges to Appropriations	<u>376,485</u>	<u>395,520</u>	<u>391,833</u>	<u>3,687</u>
Budgetary Fund Balance - End of Year	<u><u>753,409</u></u>	<u><u>734,374</u></u>	<u><u>735,743</u></u>	<u><u>1,369</u></u>

## **OTHER SUPPLEMENTAL INFORMATION**

**VILLAGE OF CLIMAX**  
**COMBINED SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCES**  
**ALL GOVERNMENTAL AND PROPRIETARY FUND TYPES**  
**MARCH 31, 2008**

	<u>GOVERNMENTAL FUND TYPES</u>		<u>PROPRIETARY FUND TYPES</u>	Totals (Memo Only)
	General	Special Revenue	Water Supply System	
<u>ASSETS</u>				
CURRENT ASSETS				
Cash	121,687	194,924	87,175	403,786
Accounts Receivable				
Water Customer	-	-	2,376	2,376
Special Assessments	-	-	14,465	14,465
Delinquent Taxes	8,171	-	-	8,171
State of Michigan	-	5,819	-	5,819
Due From Other Funds	-	8,531	-	8,531
Total Current Assets	129,858	209,274	104,016	443,148
FIXED ASSETS				
Land	-	-	35,066	35,066
Buildings	-	-	42,769	42,769
Distribution System	-	-	1,074,459	1,074,459
Equipment	-	-	-	-
Less: Accumulated Depreciation	-	-	(660,637)	(660,637)
Net Fixed Assets	-	-	491,657	491,657
 TOTAL ASSETS	 129,858	 209,274	 595,673	 934,805
<u>LIABILITIES &amp; FUND EQUITY</u>				
CURRENT LIABILITIES				
Due To Other Funds	-	8,531	-	8,531
Accounts Payable	10,089	79	1,712	11,880
Current Portion of Long Term Debt	-	-	25,000	25,000
Total Current Liabilities	10,089	8,610	26,712	45,411
LONG TERM LIABILITIES				
Bonds & Contracts Payable	-	-	145,000	145,000
 Total Liabilities	 10,089	 8,610	 171,712	 190,411



**VILLAGE OF CLIMAX  
COMBINED SCHEDULE OF ASSETS,  
LIABILITIES AND FUND BALANCES  
MARCH 31, 2008  
PAGE -2-**

	<u>GOVERNMENTAL FUND TYPES</u>		<u>PROPRIETARY FUND TYPES</u>	
	General	Special Revenue	Water Supply System	Totals (Memo Only)
FUND EQUITY				
Contributed Capital	-	-	156,796	156,796
Retained Earnings	-	-	267,165	267,165
Investment in General Fixed Assets	-	-	-	-
Fund Balance - Unreserved and Undesignated	<u>119,769</u>	<u>200,664</u>	<u>-</u>	<u>320,433</u>
Total Fund Equity	<u>119,769</u>	<u>200,664</u>	<u>423,961</u>	<u>744,394</u>
 TOTAL LIABILITIES & FUND EQUITY	 <u>129,858</u>	 <u>209,274</u>	 <u>595,673</u>	 <u>934,805</u>

**VILLAGE OF CLIMAX  
COMBINED SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES – ALL GOVERNMENTAL  
AND PROPRIETARY FUND TYPES  
MARCH 31, 2008**

	GOVERNMENTAL FUND TYPES		PROPRIETARY FUND TYPES	Totals (Memo Only)
	General Fund	Special Revenue Fund	Water Supply System	
REVENUES				
Taxes	124,572	-	-	124,572
Intergovernmental				
State	74,298	57,783	-	132,081
Licenses and Permits	4,121	-	-	4,121
Charges for Services	-	-	64,631	64,631
Interest	2,664	3,789	2,114	8,567
Other	<u>21,075</u>	<u>-</u>	<u>18,780</u>	<u>39,855</u>
TOTAL REVENUE	226,730	61,572	85,525	373,827
EXPENDITURES				
General Government	139,615	-	-	139,615
Public Safety	44,302	-	-	44,302
Public Works	27,268	71,537	81,113	179,918
Cultural & Recreation	11,012	-	-	11,012
Capital Outlay	<u>8,335</u>	<u>-</u>	<u>-</u>	<u>8,335</u>
TOTAL EXPENDITURES	<u>230,532</u>	<u>71,537</u>	<u>81,113</u>	<u>383,182</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(3,802)	(9,965)	4,412	(9,355)
OTHER FINANCING SOURCES (USES)				
TRANSFERS FROM (TO) OTHER FUNDS	<u>1,065</u>	<u>-</u>	<u>(725)</u>	<u>340</u>
EXCESS OF REVENUE & OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES & OTHER USES	(2,737)	(9,965)	3,687	(9,015)
FUND BALANCE - Beginning of Year	<u>122,506</u>	<u>210,629</u>	<u>420,274</u>	<u>753,409</u>
FUND BALANCE - End of Year	<u>119,769</u>	<u>200,664</u>	<u>423,961</u>	<u>744,394</u>

**VILLAGE OF CLIMAX  
COMBINING SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCES  
ALL SPECIAL REVENUE FUNDS  
MARCH 31, 2008**

	Major Streets	Local Streets	Totals
<u>ASSETS</u>			
Cash	147,893	47,031	194,924
Due from Local Streets Fund	8,531	-	8,531
Due from State - Act 51	<u>4,400</u>	<u>1,419</u>	<u>5,819</u>
TOTAL ASSETS	<u>160,824</u>	<u>48,450</u>	<u>209,274</u>
<u>LIABILITIES &amp; FUND BALANCES</u>			
Liabilities			
Accounts Payable	79	-	79
Due to Major Streets Fund	<u>-</u>	<u>8,531</u>	<u>8,531</u>
Total Liabilities	79	8,531	8,610
Fund Balances - Unreserved and Undesignated	<u>160,745</u>	<u>39,919</u>	<u>200,664</u>
TOTAL LIABILITIES & FUND BALANCES	<u>160,903</u>	<u>56,981</u>	<u>217,884</u>

**VILLAGE OF CLIMAX  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES &  
CHANGES IN FUND BALANCES  
ALL SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED MARCH 31, 2008**

	Major Streets	Local Streets	Totals
<b>REVENUES</b>			
Intergovernmental - State	43,688	14,095	57,783
Interest	3,013	776	3,789
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	46,701	14,871	61,572
<b>EXPENDITURES</b>			
Public Works	<u>38,860</u>	<u>32,677</u>	<u>71,537</u>
Total Expenditures	<u>38,860</u>	<u>32,677</u>	<u>71,537</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	7,841	(17,806)	(9,965)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers From (To) Other Funds	<u>(21,844)</u>	<u>21,844</u>	<u>-</u>
<b>EXCESS OF REVENUES &amp; OTHER SOURCES (USES) OVER (UNDER) EXPENDITURES &amp; OTHER USES</b>	(14,003)	4,038	(9,965)
<b>FUND BALANCE - Beginning of Year</b>	<u>174,748</u>	<u>35,881</u>	<u>210,629</u>
<b>FUND BALANCE - End of Year</b>	<u>160,745</u>	<u>39,919</u>	<u>200,664</u>

**VILLAGE OF CLIMAX  
SCHEDULE OF REVENUES, EXPENDITURES &  
CHANGES IN FUND BALANCE - BUDGET & ACTUAL  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED MARCH 31, 2008**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
2007 Tax Roll	122,000	124,572	2,572
Permits & Fees	6,500	4,121	(2,379)
Shared from State	74,241	74,298	57
Interest	3,000	2,664	(336)
Other	<u>18,725</u>	<u>21,075</u>	<u>2,350</u>
Total Revenues	224,466	226,730	2,264
<b>EXPENDITURES</b>			
General Government	138,692	139,615	(923)
Public Safety	49,725	44,302	5,423
Public Works	26,999	27,268	(269)
Culture & Recreation	11,012	11,012	-
Capital Outlay	<u>8,336</u>	<u>8,335</u>	<u>1</u>
Total Expenditures	<u>234,764</u>	<u>230,532</u>	<u>4,232</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(10,298)	(3,802)	6,496
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers From (To) Other Funds			
Water System	-	725	725
Local Streets	-	-	-
Cemetery	<u>300</u>	<u>340</u>	<u>40</u>
Total Transfers	<u>300</u>	<u>1,065</u>	<u>765</u>
<b>EXCESS OF REVENUES &amp; OTHER SOURCES (USES) OVER (UNDER) EXPENDITURES &amp; OTHER USES</b>	(9,998)	(2,737)	7,261
<b>FUND BALANCE - Beginning of Year</b>	<u>122,506</u>	<u>122,506</u>	<u>-</u>
<b>FUND BALANCE - End of Year</b>	<u>112,508</u>	<u>119,769</u>	<u>7,261</u>

**VILLAGE OF CLIMAX  
DETAILED SCHEDULE OF EXPENDITURES - BUDGET & ACTUAL  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED MARCH 31, 2008**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>GENERAL GOVERNMENT</b>			
Council	11,925	10,775	1,150
Elections	-	-	-
Clerk	6,600	6,600	-
Office Supplies	1,500	1,681	(181)
Treasurer	5,950	5,940	10
Tax Collection	476	410	66
Printing & Publication	1,800	1,273	527
Legal & Accounting	9,400	7,082	2,318
Village to City Expenses	3,842	4,195	(353)
Custodian	17,919	23,906	(5,987)
Cemetery - Wages	11,896	9,501	2,395
- Supplies & Other	2,000	1,240	760
Insurance & Bonds	28,734	28,734	-
Village Hall	9,380	8,547	833
Employee Taxes & Benefits	22,681	26,829	(4,148)
Other	<u>4,589</u>	<u>2,902</u>	<u>1,687</u>
	138,692	139,615	(923)
<b>PUBLIC SAFETY</b>			
Fire Protection	28,000	24,349	3,651
Law Enforcement	16,000	14,228	1,772
Tree Maintenance	<u>5,725</u>	<u>5,725</u>	<u>-</u>
	49,725	44,302	5,423
<b>PUBLIC WORKS</b>			
Street Lights	9,000	10,405	(1,405)
Sidewalks & Drains	2,709	2,709	-
Refuse	200	160	40
Equipment Maintenance - Wages	7,855	7,279	576
- Supplies	2,500	1,966	534
- Repairs	1,735	2,206	(471)
- Gasoline	<u>3,000</u>	<u>2,543</u>	<u>457</u>
	26,999	27,268	(269)
<b>CULTURE &amp; RECREATION</b>			
Library	8,500	8,500	-
Park	<u>2,512</u>	<u>2,512</u>	<u>-</u>
	11,012	11,012	-
<b>CAPITAL OUTLAY - Equipment</b>	<u>8,336</u>	<u>8,335</u>	<u>1</u>
<b>TOTAL</b>	<u>234,764</u>	<u>230,532</u>	<u>4,232</u>

**VILLAGE OF CLIMAX  
SCHEDULE OF REVENUES, EXPENDITURES &  
CHANGES IN FUND BALANCE - BUDGET & ACTUAL  
MAJOR STREETS FUND  
FOR THE FISCAL YEAR ENDED MARCH 31, 2008**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Act 51 Proceeds	44,000	43,688	(312)
Interest	<u>3,250</u>	<u>3,013</u>	<u>(237)</u>
Total Revenues	47,250	46,701	(549)
<b>EXPENDITURES</b>			
Routine Maintenance	31,386	31,901	(515)
Traffic Service	1,401	1,480	(79)
Ice and Snow Removal	500	4,589	(4,089)
Non-motorized Improvements	1,000	890	110
Administration & Engineering	-	-	-
Construction	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>34,287</u>	<u>38,860</u>	<u>(4,573)</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	12,963	7,841	(5,122)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers From (To) Other Funds	<u>(22,000)</u>	<u>(21,844)</u>	<u>(156)</u>
Total Other Financing Sources (Uses)	(22,000)	(21,844)	(156)
<b>EXCESS OF REVENUES &amp; OTHER SOURCES (USES) OVER (UNDER) EXPENDITURES &amp; OTHER USES</b>	(9,037)	(14,003)	(5,278)
<b>FUND BALANCE - Beginning of Year</b>	<u>174,748</u>	<u>174,748</u>	<u>-</u>
<b>FUND BALANCE - End of Year</b>	<u>165,711</u>	<u>160,745</u>	<u>(5,278)</u>

**VILLAGE OF CLIMAX  
SCHEDULE OF REVENUES, EXPENDITURES &  
CHANGES IN FUND BALANCE - BUDGET & ACTUAL  
LOCAL STREETS FUND  
FOR THE FISCAL YEAR ENDED MARCH 31, 2008**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Act 51 Proceeds	14,000	14,095	95
Interest	400	776	376
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	14,400	14,871	471
<b>EXPENDITURES</b>			
Routine Maintenance	35,041	28,519	6,522
Traffic Service	500	70	430
Ice and Snow Removal	859	4,088	(3,229)
Construction	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>36,400</u>	<u>32,677</u>	<u>3,723</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(22,000)	(17,806)	4,194
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers From (To) Other Funds	<u>22,000</u>	<u>21,844</u>	<u>156</u>
Total Other Financing Sources (Uses)	<u>22,000</u>	<u>21,844</u>	<u>156</u>
<b>EXCESS OF REVENUES &amp; OTHER SOURCES OVER (UNDER) EXPENDITURES &amp; OTHER USES</b>	-	4,038	4,038
<b>FUND BALANCE - Beginning of Year</b>	<u>35,881</u>	<u>35,881</u>	<u>-</u>
<b>FUND BALANCE - End of Year</b>	<u>35,881</u>	<u>39,919</u>	<u>4,038</u>



**VILLAGE OF CLIMAX  
SCHEDULE OF REVENUES, EXPENSES &  
CHANGES IN RETAINED EARNINGS  
WATER SUPPLY SYSTEM FUND  
FOR THE FISCAL YEAR ENDED MARCH 31, 2008**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Charges for Service	42,300	38,846	(3,454)
Interest	1,100	2,114	1,014
Hydrant Assessments	25,000	25,735	735
Connections	1,000	50	(950)
Other	<u>20,669</u>	<u>18,780</u>	<u>(1,889)</u>
Total Operating Revenues	90,069	85,525	(4,544)
<b>OPERATING EXPENSES</b>			
Salaries & Wages	18,787	18,838	(51)
Professional Fees	3,000	4,291	(1,291)
Supplies - Office & Other	3,100	2,699	401
- Operating	2,000	613	1,387
Repairs	22,317	22,234	83
Utilities & Fuel	6,740	6,623	117
Depreciation	25,000	25,341	(341)
Interest	9,125	9,125	-
Other	<u>-</u>	<u>-</u>	<u>-</u>
Total Operating Expenses	<u>90,069</u>	<u>89,764</u>	<u>305</u>
Operating Income (Loss)	-	(4,239)	(4,239)
<b>OTHER FINANCING SOURCES (USES)</b>			
Depreciation on Fixed Assets Acquired by Capital Contribution	-	8,651	8,651
Transfers From (To) Other Funds	<u>-</u>	<u>(725)</u>	<u>(725)</u>
Total Financing Sources (Uses)	<u>-</u>	<u>7,926</u>	<u>7,926</u>
Net Income (Loss)	-	3,687	3,687
RETAINED EARNINGS - Beginning of Year	<u>263,478</u>	<u>263,478</u>	<u>-</u>
RETAINED EARNINGS - End of Year	<u>263,478</u>	<u>267,165</u>	<u>3,687</u>

**VILLAGE OF CLIMAX  
SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCE  
CEMETERY PERPETUAL CARE FUND  
MARCH 31, 2008**

ASSETS

Cash	<u>11,407</u>	
TOTAL ASSETS		<u>11,407</u>

LIABILITIES & FUND BALANCE

Liabilities		
Due to Other Funds	-	
Fund Balance - Undesignated	<u>11,407</u>	
TOTAL LIABILITIES & FUND BALANCE		<u>11,407</u>

**ANALYSIS OF CHANGE IN FUND BALANCE**

FUND BALANCE - Beginning of Year		11,407
ADDITIONS		
Interest Earned		340
DEDUCTIONS		
Transfer to General Fund		<u>(340)</u>
FUND BALANCE - End of Year		<u>11,407</u>

## **ADDITIONAL INFORMATION**

# Foote and Lloyd

CERTIFIED PUBLIC ACCOUNTANTS  
TWO WEST MICHIGAN, SUITE 210  
BATTLE CREEK, MI 49017  
TELEPHONE (269) 962-7518  
FAX (269) 962-7510

CHARLES W. FOOTE  
\*DONALD L. LLOYD  
---  
GLEN C. SAUER

MEMBERS:  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
---  
MICHIGAN ASSOCIATION  
CERTIFIED PUBLIC ACCOUNTANTS  
---  
\*FLORIDA INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

To the Village President and  
Members of the Council  
Village of Climax  
Kalamazoo County, Michigan

This letter is being written in conjunction with the audit for the year ended March 31, 2008, of the financial records of the Village of Climax. The clerk and treasurer of the Village are fulfilling their fiscal responsibilities and the records of the Village were in very good order again this year.

It appears that you have instituted our recommendations of past years.

ADDITIONAL INFORMATION: In compliance with GE Capital's guidelines, we submit the following information which is not covered elsewhere in our audit report or this letter:

- A) There is adequate physical control over the assets of the Village.
- B) The Village has complied in all material respects of the loan agreement with GE Capital.
- C) The financial statements presented in our audit report agree with the financial records of the Village as adjusted by our journal entries.
- D) The Village bills quarterly for water service.
- E) Following is a listing of the summary of insurance coverage of the Village:

<u>Company &amp; Policy #</u>	<u>Coverage</u>	<u>Amount</u>	<u>Expiration</u>
Michigan Township Participating Plan Policy #MTP132406			4-1-08
	Valuable Papers & Records	100,000	
	Property	2,124,600	
	Property	186,400	
	Auto	3,000,000	
	General Liability	3,000,000/Each Occurrence 5,000,000/Aggregate	
	Wrongful Acts	3,000,000/Each Occurrence 4,000,000/Aggregate	
	Boiler	500,000	
	Crime	10,000	
	Bond	100,000	
	Worker's Compensation	100,000-500,000	4-1-08

- F) Page three of this letter contains a comparative statement of revenues and expenditures of the Water Fund for the years ended March 31, 2008, and 2007. The amounts in the 2008 column are taken from our audit report. The amounts in the 2007 column were derived from the financial statements prepared by the Village. The Village is only required to have a biennial audit and, therefore, the amounts for the year ended March 31, 2007, are not audited numbers.

We wish to thank you again this year for the opportunity of serving you and for the very fine assistance and cooperation we received from everyone contacted during the course of the audit. Do not hesitate to contact us if you should have questions or need assistance in the future.

*Footte and Lloyd*

CERTIFIED PUBLIC ACCOUNTANTS

Page 3 Attachment  
Battle Creek, Michigan  
January 16, 2009

**VILLAGE OF CLIMAX  
STATEMENT OF REVENUES, EXPENSES &  
CHANGES IN RETAINED EARNINGS  
WATER SUPPLY SYSTEM FUND  
FOR THE FISCAL YEARS ENDED MARCH 31**

	2008	2007
<b>REVENUES</b>		
Charges for Services	38,896	33,174
Interest & Assessments	27,849	26,443
Other	<u>27,431</u>	<u>32,961</u>
Total Operating Revenues	94,176	92,578
<b>OPERATING EXPENSES</b>		
Salaries & Wages	18,838	17,986
Professional Fees	4,291	3,085
Supplies - Office & Other	2,699	592
- Operating	613	2,454
Repairs	22,234	34,913
Utilities & Fuel	6,623	6,237
Depreciation	25,341	27,052
Interest	9,125	10,375
Other	<u>-</u>	<u>-</u>
Total Operating Expenses	89,764	102,694
Operating Income	4,412	(10,116)
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfer from General Fund	<u>(725)</u>	<u>-</u>
Net Income (Loss)	3,687	(10,116)
<b>RETAINED EARNINGS, April 1</b>	<u>420,274</u>	<u>430,390</u>
<b>RETAINED EARNINGS, March 31</b>	<u>423,961</u>	<u>420,274</u>